ANNUAL FINANCIAL REPORT
ENHANCED REGULATORY UPDATES
SOIL AND WATER CONSERVATION DISTRICTS WORKSHOP
DECEMBER 2021

UNIT QUESTIONS
7a. What is your capital asset threshold?

5000

Cost at which an asset must be included on the capital asset ledger and financial statements
Determined by the district board in a policy or resolution

13. Do you have significant contingent liabilities?
A contingency is an existing condition, situation, or set of circumstances involving uncertainty to a government that will ultimately be resolved when one or more future events occur or fail to occur.

14. Do you have significant commitments?
Commitments are existing arrangements to enter into future transactions or events, such as long-term contractual obligation with suppliers for future purchases at specified prices or sometimes as specified quantities.
AFR UNIT QUESTIONS - NEW

15. Do you participate in any joint ventures?
Legal entity of other organization that results from a contractual arrangement and that is owned operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or responsibility.

16. Are there related party transactions?
Transaction that an informed observer might reasonably believe reflects considerations other than economic self-interest based upon the relationship that exists between the parties to the transactions. The term is often used in contrast to an arm's-length transaction.

AFR UNIT QUESTIONS - NEW

17. Is your unit affected by tax abatements through direct or indirect agreements?
A tax abatement is an agreement between one or more governments and an individual or entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action that contributes to economic development or benefits the government or citizens.
AFR UNIT QUESTIONS - NEW

18. Did your unit have Interfund Loans (Due to / Due from) during the year?  
An interfund loan is a transfer that moves money from one fund to another fund that will need to be repaid.  

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

AFR UNIT QUESTIONS - NEW

19. Do you have conduit debt?  
A debt instrument issued in the name of a state or local government that is for the benefit of a third party that is primarily liable for the repayment of the debt instrument.  

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

19a. Describe your conduit debt.  
Revenue bonds to provide financial assistance to private-sector entities for the acquisition of facilities deemed to be in the public interest. The city is not obligated for repayment.

Review debt issuances involving capital financing for a third party. You will need a description of conduit debt transactions and the aggregate amount of all conduit debt outstanding.
GRANT SCHEDULE

- For the 2021 Annual Financial Report an optional upload is now available for Grant reporting.

- Specifications will be available in the user guide and on our website on the special districts page under Gateway

FUND TYPES
FUND TYPE CLASSIFICATION – NEW SCHEDULE

Annual Financial Report Main Menu

The sections below are the ones that are required to complete your annual financial report. Some of these sections are based on the answers that you gave to the questions on the previous screen. If you need to go back and change any of the answers to those questions, click on Unit Questions above.

FUND TYPE CLASSIFICATION – NEW SCHEDULE

Governmental Activities

Local Fund Name | Fund Type
--- | ---
0000000004 - GRANTS | Special Revenue
5223530 GRANTS
618705 Police Pension | Pension Revenue
61200000005 | Pension Trust
618700 POLICE PENSION | Special Revenue
102200000006 | Special Revenue
102200 Police Excess
00000000007 | Capital Revenue
00000000008 - POLICE BUILDING & EQUIPMENT | Capital Revenue
020200 POLICE BUILDING & EQUIPMENT | Capital Revenue
00000000009 - CUM CAPITAL IMPROVEMENTS | Capital Revenue
00000000001 | Capital Revenue
102200 Enterprise Operating | Capital Revenue
### Governmental Activities

<table>
<thead>
<tr>
<th>Delete</th>
<th>Debt Class</th>
<th>Description or Purpose</th>
<th>Beginning Principal Balance as of Jan. 1, 2020</th>
<th>Additions</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗</td>
<td>General Obligation Bonds</td>
<td>Bond</td>
<td>$8,000.00</td>
<td>$19,000.00</td>
</tr>
<tr>
<td>✗</td>
<td>Notes and Loans Payable</td>
<td>Loan</td>
<td>$8.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
AFR DEBT SCHEDULE

UPDATES FOR 2021

AFR DEBT SCHEDULE

UPDATES FOR 2021
CAPITAL ASSETS

CAPITAL ASSETS SCHEDULE – 2020 VERSION

<table>
<thead>
<tr>
<th>Government or Enterprise</th>
<th>Beginning Balance as of January 1, 2020</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance as of December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$8,000,500.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$8,000,500.00</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$1,000.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Building</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Improvement</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Machinery</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Construction</td>
<td>$0.00</td>
<td>$400.00</td>
<td>$0.00</td>
<td>$400.00</td>
</tr>
<tr>
<td>Books</td>
<td>$0.00</td>
<td>$1,000.00</td>
<td>$500.00</td>
<td>$500.00</td>
</tr>
</tbody>
</table>

Governmental Activities Totals:

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,004,500.00</td>
<td>$1,400.00</td>
<td>$500.00</td>
<td>$5,005,400.00</td>
</tr>
</tbody>
</table>
CAPITAL ASSET POLICIES

• Capitalization Threshold
  • Board policy stating the threshold at which an item is considered a capital asset for financial reporting purposes.
  • Only items that exceed the threshold are placed on the capital asset ledger.

• Estimated Useful Lives of Assets
  • Board policy establishing the number of years over which the cost of an asset will be allocated.

• Depreciation Method
  • The allocation of the cost of an asset over the estimated useful life of the asset.
CAPITAL ASSET LEDGER

- Record of Purchases and Disposals of Capital Assets
- Historical Cost
- Estimating Historical Cost
  - Consumer Price Index Tables
    - Bulletin June 2020
    - Reasonable Estimate
- Categorized by Type of Asset
ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

When it is not possible to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed. Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset. In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

As an example, if the replacement cost is estimated to be $76,000.00 and the asset was constructed about 1946, then the estimated cost of the asset should be reported as $6,080.00 ($76,000.00 x .08 = $6,080.00).

<table>
<thead>
<tr>
<th>Year</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>0.09</td>
</tr>
<tr>
<td>1949</td>
<td>0.09</td>
</tr>
<tr>
<td>1948</td>
<td>0.09</td>
</tr>
<tr>
<td>1947</td>
<td>0.09</td>
</tr>
<tr>
<td>1946</td>
<td>0.08</td>
</tr>
<tr>
<td>1945</td>
<td>0.07</td>
</tr>
<tr>
<td>1944</td>
<td>0.07</td>
</tr>
<tr>
<td>1943</td>
<td>0.07</td>
</tr>
</tbody>
</table>
### Capital Assets Ledger

<table>
<thead>
<tr>
<th>Date of Purchase</th>
<th>Description of Asset</th>
<th>Original Cost of Asset</th>
<th>Estimated Life of Asset</th>
<th>Date of Disposal of Capital Asset</th>
<th>Amount Realized on Disposal or Expiration</th>
<th>Type of Capital Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/1964 Land</td>
<td>Old 600 East</td>
<td>20,000</td>
<td>20,000</td>
<td>10,000</td>
<td>5</td>
<td>Land</td>
</tr>
<tr>
<td>7/7/1985 Pole Barn</td>
<td>New 600 East</td>
<td>10,000</td>
<td>5</td>
<td>50,000</td>
<td>50,000</td>
<td>Buildings</td>
</tr>
<tr>
<td>1/1/2010 Truck</td>
<td>Old 600 East</td>
<td>50,000</td>
<td>5</td>
<td>50,000</td>
<td>50,000</td>
<td>Vehicles</td>
</tr>
</tbody>
</table>

**Total**: 120,000
NON-DEPRECIABLE ASSETS

• Land
• Construction in Progress
• Other

DEPRECIABLE ASSETS

• Infrastructure
• Buildings
• Improvements Other than Buildings
• Machinery, Equipment & Vehicles
• Books and Other
CAPITAL ASSETS - DEPRECIATION

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Straight Line Depreciation

Annual Depreciation = Historical Cost / Estimated Useful Life

Accumulated Depreciation = Annual Depreciation x Years in Service

Do not calculate annual depreciation once asset is fully depreciated

Remove accumulated depreciation for asset upon disposal

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Calculation of Beginning Balance for Accumulated Depreciation as of December 31, 2020

<table>
<thead>
<tr>
<th>Date of Purchase</th>
<th>Description of Asset</th>
<th>Original Cost of Asset</th>
<th>Estimated Life of Asset</th>
<th>Date of Disposal of Asset</th>
<th>Yearly Depreciation</th>
<th>Years in Service</th>
<th>Other Than Equipment</th>
<th>Accumulated Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/1964 Land</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37,000</td>
</tr>
<tr>
<td>7/1/1985 Pole Barn</td>
<td>50,000</td>
<td>50</td>
<td>1,000</td>
<td>37</td>
<td>37,000</td>
<td></td>
<td></td>
<td>37,000</td>
</tr>
<tr>
<td>1/1/2019 Truck</td>
<td>50,000</td>
<td>5</td>
<td>10,000</td>
<td>3</td>
<td>3,000</td>
<td></td>
<td></td>
<td>3,000</td>
</tr>
</tbody>
</table>

Total Accumulated Depreciation: 40,000
GATEWAY CAPITAL ASSET SCHEDULE

- Confirm AFR beginning balance agrees to Capital Asset Ledger
- Post additions and reductions from Capital Asset Ledger for 2021
- Confirm AFR ending balance agrees to Capital Asset ledger
- Calculate Accumulated Depreciation as of January 1, 2020
- Calculate annual depreciation for 2021

CONTACT INFORMATION

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• 317-232-2513